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TAGS: ETRD WTRO ECON AR
SUBJECT: Argentina Calls for Emergency Mercosur Summit to Address Global Crisis Impact

Reftels: A. Buenos Aires 1377
¶B. Buenos Aires 1374
¶C. Buenos Aires 1079

¶1. (U) On October 8, Argentine Foreign Minister Jorge Taiana announced he would ask his fellow Mercosur Foreign Ministers as well as Economy Ministers to hold an emergency summit regarding the global financial crisis. Daily La Nacion quoted a "high-ranking government official" as saying that "the intent is for the Economy and Foreign Ministers of MERCOSUR countries to analyze the crisis and coordinate common positions of the bloc" on the impact of the crisis on the region.

¶2. (SBU) Adrian Makuc, National Director of Trade Policy in the Economy Ministry, just back from an October 8 meeting of the Mercosur Coordinating Committee in Rio de Janeiro, told Econoff that the international financial crisis and Taiana's request for a summit were the main topics of discussion there. He expects the summit will take place October 27, and that the focus will be on coordinating macroeconomic, trade, and currency valuation policies "to avoid collisions." On the recent, rapid depreciation of the Brazilian real relative to the Argentine peso (Ref A), Makuc noted "we have a problem with that, obviously." Ernesto de la Guardia, a Foreign Ministry trade officer in the Foreign Ministry's Mercosur office, confirmed to Econoff October 9 that Argentine "angst" at the Brazilian central bank's hands-off policy on the value of the Real (versus the Argentine central bank's active stabilization intervention) would make exchange rate policy differences between Argentina and Brazil the primary topic of discussion. He estimated that a meeting could take place the week of the 20th or 27th, and expected that Venezuela would be invited to participate.

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Comment
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¶3. (SBU) The summit request by the GoA (though current Mercosur president Brazil would host the summit if it occurs) apparently springs from the new GoA "Coordinating Table" chaired by Cabinet Chief Sergio Massa (Ref B). Given recent frictions between Argentina and Brazil over end-game WTO Doha Round negotiations (Ref C), the two nations' distinct approaches to macro policy management, and the wild-card of Venezuela participation, finding common ground on financial crisis management could prove difficult.

WAYNE